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TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H.
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Mario J. Pérez, Director
Office of AIDS Programs and Policy

Craig A. Vincent-Jones, Executive Director
Los Angeles County Commission on HIV

SUBJECT: **TRENDS IN REDUCTIONS OF FEDERAL HIV/AIDS FUNDING TO LOS ANGELES COUNTY**

On December 5, 2006, the Board approved a motion to oppose the National Institutes of Health's (NIH) plans to close the AIDS Clinical Trials Group (ACTG) at LAC+ USC's Rand Schrader (5P21) Clinic. Section 5 of that motion instructed the Director of the Department of Public Health's Office of AIDS Programs and Policy (OAPP) and the Los Angeles County Commission on HIV to examine the disturbing trend in reductions in federal HIV/AIDS funding to Los Angeles County and report back on program impacts and recommendations. This is the report.

Overall, there remain significant HIV/AIDS funding pressures faced by the County, largely due to flat or decreased funding at the federal level. To date, however, decreases to the Los Angeles County HIV/AIDS portfolio have been offset by programmatic and administrative curtailments, increases in State funding, increases in Board of Supervisors funding, new funding initiatives or aggressive advocacy to prevent additional reductions.

- 1) **National Picture.** There is an ongoing debate in the AIDS community and among lawmakers over the future of service delivery in the face of a changing epidemic. Historic urban epicenters like Los Angeles County remain home to the largest numbers of persons living with HIV/AIDS. At the same time, rural areas and the southern states are becoming new—though still much smaller—epicenters in the epidemic, placing pressure for federal resources at the expense of existing national HIV/AIDS health care delivery system. This reality, coupled with flat or decreased federal funding throughout much of the 2000s, highly effective drug therapies that increase life expectancy and a demand for HIV/AIDS resources for a longer period of time by a greater number of persons, results in increased national demand and competition for federal resources.
- 2) **Ryan White CARE Act Reauthorization.** As you are aware, the Ryan White CARE Act was reauthorized as the Ryan White HIV/AIDS Treatment Modernization Act (Act) in December 2006. While the overall impact of the new, reauthorized legislation on Los Angeles County remains to be seen, the Act did incorporate code-based HIV case reports—Los Angeles County’s greatest funding concern and advocacy focal point—into the calculation of formula funding for the next three years. That measure, together with hold harmless provisions, the use of actual living HIV/AIDS cases as the bases of formula funding (rather than an imprecise “estimated” living HIV/AIDS cases), and a greater proportion of the overall award determined by HIV/AIDS burden compared to the annual competitive application should mitigate some losses to Los Angeles County that might have otherwise resulted from the Reauthorization.

Generally, Los Angeles County does not seem to suffer from disproportionate federal funding cuts, and seems to receive a relatively proportionate share of federal HIV/AIDS resources commensurate with the County’s HIV/AIDS prevalence. This assessment is largely attributable to three factors:

- 1) Most federal funding is awarded based on formulae linked to HIV prevalence/incidence.
- 2) Collectively, private and public HIV organizations in Los Angeles County have a long history of aggressively pursuing available federal funding, which has often resulted in proportionately more federal funding awards (although not necessarily grant amounts) received in Los Angeles County.
- 3) When subjective decisions at the federal level have prompted the consideration of significant funding reductions to Los Angeles County, aggressive advocacy by the local HIV/AIDS community, County staff and legislative advocates has prevented many of the planned reductions.

While there are comparably fewer sources of federal funding determined subjectively, there is a concern that subjective decision making (such as application reviews) at the federal level has been used to reduce federal HIV/AIDS funding for the County. In recent years, that trend has been evidenced with proposed and actual cuts to Los Angeles County’s CARE Act Title I and Title IV, and NIH ACTG programs, in spite of competitive application performance in those areas. These threats, in many ways, have been offset by the volume of successful applications for funding submitted by local HIV/AIDS service partners.

Because each federal HIV/AIDS funding source reacts to varying external and legislative forces differently and the funding periods and applications differ significantly, the funding trend(s) are outlined for each source independently in the attached report (Attachment A).

In order to respond to the growing epidemic, Los Angeles County should expect continued increased funding consistent with Cost-of-Living Adjustments (COLA) and that is commensurate with the rising number of people requiring services, and the ever-increasing cost of health care delivery. The current state of declining resources and increased need results in less funding per person living with HIV/AIDS, per year, and is not sustainable.

Next Steps. Following are issues that were identified in this report and require further or continuing attention from the Commission and OAPP in the following months:

- 1) Continue examining the gaps between the prevalence of HIV/AIDS cases to the percentage of funding awarded to Ryan White-funded jurisdictions; exploring disparities in supplemental and formula funding awards to Los Angeles County; and monitoring variations in proportionate funding to the County.
- 2) Continue advocating for the inclusion of specific factors and conditions that create a more significant cost and service delivery burden to people with HIV/AIDS in Los Angeles County (for example, availability of affordable housing stock, transportation delivery systems and distances, balancing urban and rural needs in the same jurisdiction, etc.) in the next version of the Ryan White legislation.
- 3) Further explore the impact of formula funding (e.g., based solely on HIV prevalence/incidence) versus subjectively-determined supplemental funding in federal awards.
- 4) Continue to aggressively challenge any federal award decision when it has been determined subjectively and appears to unfairly reduce HIV/AIDS resources for Los Angeles County.
- 5) Strengthen the capacity and promote awareness by Los Angeles County's academic research institutions to increase involvement with and commitment to HIV/AIDS research and evaluation originating in this jurisdiction and with a national impact.

Recommendations. Recognizing that the County does receive an acceptable share of federal funding because of prevalence-determined awards, the volume of funding applications/proposals submitted, and its ongoing, aggressive advocacy efforts, following are recommendations that will help the County maintain its federal funding and that will strengthen its capacity to respond to the HIV/AIDS service and funding needs in the challenging years ahead:

- 1) Maintaining and increasing annual federal HIV/AIDS funding must continue to be a primary County advocacy and legislative priority. The County must clearly articulate that funding reductions or flat-funding, combined with multi-year COLAs, are not an adequate federal response to an epidemic and cost burden that are growing steadily.

- 2) Improve ability of County departments to expedite grant award acceptance and program implementation in order to further facilitate maximizing every grant dollar awarded.
- 3) Collect and process all HIV case reports by December 2008—the deadline by which the County's HIV case reporting system must be fully mature to be counted in formula funding that will coincide with the next version of Ryan White legislation in 2009. The Department of Public Health has already invested County resources to this effort and will request additional resources as needed to achieve this goal.
- 4) Fund a COLA to the County's Maintenance of Effort (MOE) funding for HIV/AIDS services, which has been unchanged at \$15,901,000 since 1991. The Department of Public Health has already requested this COLA as part of its budget proposal for FY 2007-2008.
- 5) Reinforce the commitment from all County HIV/AIDS service partners (Departments of Public Health and Health Services, other governmental entities, community-based service providers and organizations, etc.) to continually and aggressively pursue all federal HIV/AIDS funding opportunities available. Community stakeholders need additional professional technical assistance (writing applications, implementing grant awards and programs) to increase their ability to successfully compete for Los Angeles County's fair share of federal resources. The County and its partners should decline to pursue any federal funding opportunity only with extreme reluctance.
- 6) Enhance the Department's existing HIV/AIDS resource solicitation capacity by adding additional highly-skilled and seasoned grant-writing staff.
- 7) Advocate for the expansion of Medicare disability status from AIDS to HIV. This will allow federal entitlement programs to serve the ever-increasing numbers of people living with HIV in Los Angeles County.

If you have any questions or would like further information, please do not hesitate to contact us at the Department or the Commission on HIV.

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PH:612:002(2)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Office, Board of Supervisors
Commission on HIV

FEDERAL HIV/AIDS FUNDING TREND ANALYSIS**Ryan White HIV/AIDS Treatment Modernization Act.**

- **Title I (Part A).** At its peak in 2003, Los Angeles County was receiving a Title I award of \$39,994,550. Since then, the grant award has declined by 12.7% to \$34,895,377. This funding reduction occurred in spite of Los Angeles County's Supplemental application ranking in the top four in three out of the past four years, and local HIV/AIDS prevalence growing at faster or equal rates than most other parts of the country. As a result, Los Angeles County's Title I award has been disproportionately reduced compared to the rest of the country. There was considerable concern expressed about the nature and the process that led to the score of Los Angeles County's Title I Supplemental application in the past grant cycle. Minority AIDS Initiative (MAI) funding (\$2,507,856 in 2006) is reflected in the totals above and has continued to increase annually. Currently, MAI awards are based solely on prevalence data. However, MAI funds will be based on a competitive application process in the future.
- **Title II (Part B).** Title II funding that comes to Los Angeles County is largely independent of federal decision making. Title II funds are granted to the State, and passed to the County as either state grants or through AIDS Drug Assistance Program (ADAP) and other entitlement benefits. Title II funding to California has grown in the past several years because it is based solely on the growth of AIDS prevalence compared to other jurisdictions nationally.

ADAP funds are earmarked Title II funds, and represent three-quarters of the Title II funds the State receives (approximately \$90 million of \$120 million). The State generally matches those funds on a 1:1 ratio. Los Angeles County residents use approximately 40% of the State's total AIDS Drug Assistance Program (ADAP) funding, which is slightly higher than its share of the statewide AIDS epidemic (based on AIDS, not HIV, because only estimates are available for HIV surveillance).

Los Angeles County also receives an annual consortium grant from the State's Title II award. The County received \$3,549,546 in Title II consortium funding for 2006-2007, representing approximately 10% of the total available from the State (Title II consortium funds are intended to balance some of the funding disparities for non-Title I-funded jurisdictions). In recent years, Los Angeles County's share of the federal Title II consortium funds has increased, due to formula changes at the State level.

- **Title III (Part C).** Title III funds are used to support capacity development, planning and core primary medical care services, including dental services. There are currently 14 Title III-funded providers in Los Angeles County, for a total combined investment of \$5,776,081 to Los Angeles County annually. This represents about 3% of the Title III grant funds nation-ally. Since Title III funding is often targeted for areas other than Title I jurisdictions, it is not surprising that Los Angeles County receives a disproportionately low share of total Title III funds. Funding for Title III is formula-based and has, therefore, remained relatively stable over time.

- **Title IV (Part D).** Title IV funds are used to support services targeted to women, youth and children infected or affected by HIV/AIDS. There are 94 Title IV grants across the country. Approximately 10% are in California, and two in Los Angeles County, receiving \$2,131,974 in funding annually. This amount has increased by about 15% in the past three years, due, in large part, to aggressive advocacy when one of the two providers was threatened with defunding by Health Resources and Services Administration (HRSA). Title IV grant awards are decided largely through subjective application review processes.
- **Part F—AIDS Education Training Centers (AETC).** Los Angeles County is home to three AETCs, two (UCLA and USC) funded by subcontracts with the University of California at San Francisco-based Pacific AETC, and one (Charles Drew) funded as a National Minority AETC.
- **Part F—Special Projects of National Significance (SPNS).** CARE Act SPNS are evaluation projects that are application-driven. A local entity or jurisdiction must apply for funding in response to specific SPNS initiatives released each year. There are 68 SPNS grants across the country. Twenty-five (37%) of the grants are west of the Mississippi. California has twelve SPNS grants, the second highest number after New York (13). Three SPNS grants are in Los Angeles. OAPP just concluded one five-year SPNS project and two others are still underway. OAPP has received more CARE Act SPNS grants than any other program in the country—especially public health departments (most SPNS go to universities). That is most likely due to the strength and volume of applications submitted by OAPP (three of five funded in the last five years).
- **Part F—Dental Reimbursements.** Although only a small portion of CARE Act funding, there are 66 dental reimbursement sites across the country. New York has the greatest number of sites with 24, or 36%. Five sites are in California, two in Los Angeles County (USC's and UCLA's Schools of Dentistry). Qualified agencies are able to reimburse as they provide services until the funding runs out.

Substance Abuse Mental Health Services Administration (SAMHSA). Los Angeles County's Alcohol and Drug Program Administration (ADPA) receives approximately between \$10-15 million annually in federal SAMHSA funding through a state block grant program, approximately \$3.5 million of which is targeted for HIV programs. Allocations to the various counties are determined at the State level. The annual grant award has been declining in recent years, as federal cutbacks have been implemented nationwide.

The three SAMHSA centers, Mental Health Services (CMHS), Substance Abuse Prevention (CSAP) and Substance Abuse Treatment (CSAT) also distribute targeted capacity (program) grants for HIV-related programs. Grants to Los Angeles County organizations are typically commensurate with its proportion of national HIV prevalence. These grants are determined through application review, and are not formula-based, although SAMHSA has omitted funding to Los Angeles County in the past to ensure geographic diversity of programs nationally.

Centers for Disease Control and Prevention (CDC). The County has experienced significant cuts to its CDC-funded programs (CDC Cooperative Agreement) as a result of overall cuts made to that agency. In 2000, OAPP received \$19,140,348 in combined cooperative agreement, special initiative and demonstration project funding, but by 2006 received \$12,888,698, almost exclusive cooperative agreement funding. While this trend is alarming, the same percentage decrease has been seen among all jurisdictions, indicating that the County is not disproportionately impacted.

National Institutes of Health (NIH).

- **AIDS Clinical Trials Group (ACTG).** There are two National Institutes of Health (NIH)-funded ACTGs in Los Angeles County: one at UCLA and one at USC. There is also a subunit ACTG at Harbor-UCLA. This past year, the USC ACTG was threatened with closure, in spite of its application scoring competitively, and demonstrating significant results, especially among populations of color and other disenfranchised communities; only aggressive local, State and federal action was able to prevent it from being closed.
- **Other Federal HIV/AIDS Research Activities.** There are numerous clinical trials underway in Los Angeles County and funded by either the NIH, other federal departments, privately or independently and as part of larger national and international efforts. These clinical trials may be affiliated with local and State government agencies, private organizations or private practices. Most of these efforts are driven by prevalence (clients available to participate) and local efforts to secure the funding and trials. To assess whether or not Los Angeles County requests and receives a proportionate share of this type of funding is a multi-layered analysis beyond the scope of this report.

Housing Opportunities for Persons with AIDS (HOPWA). The HOPWA program was created in 1992 to address the housing and service needs of persons living with HIV/AIDS and their families, and is administered by the City of Los Angeles locally. There are three types of HOPWA grants: 1) formula grants, which use the area incidence and cumulative number of AIDS cases to determine the amount of funding to states and Eligible Metropolitan Statistical Areas (EMSAs); 2) competitive grants, which are awarded through a national competition to states, cities, local governments and nonprofit organizations for Special Projects of National Significance (SPNS) and long-term projects in areas that are not eligible for formula allocations; and 3) technical assistance grants, which are awarded through a national competition to strengthen the management, operation and capacity of HOPWA grantees, project sponsors and potential applicants.

Ninety percent (90%) of the HOPWA funding is awarded through formula grants, nine percent is awarded through competitive grants, and one percent is awarded through technical assistance grants. From 2000 to 2005, the HOPWA appropriation ranged from \$232 million to \$289 million and Los Angeles' formula grant ranged from 3.98% to 4.71% of the total formula allocation. Los Angeles has about 5.3% of the number of cumulative AIDS cases in the nation. In 2000, 2001, 2003 and 2005, Los Angeles was also awarded five new or renewal competitive grants, ranging from .75% to 7.84% of the competitive allocation. The total percentage of HOPWA funding awarded to Los Angeles from 2000 to 2005 ranged from 5.46% to 11.89%.

Federally-funded Entitlements. It is important to note Medicare/Medicaid [Center for Medicaid/Medicare Services (CMS)] and the Veteran's Administration (VA) as they are the largest sources of federal HIV/AIDS care and treatment funding in the country. However, as they provide entitlement services, and funding is based on consumption of services, there is little funding trend data that can be ascertained.

It is also important to acknowledge that California has one of the most generous Medicaid matches in the country, which most likely accelerates service utilization. Similarly, with an estimated higher prevalence of HIV to AIDS ratio in the West compared to other parts of the country, failure of the federal government to recognize HIV disease as a disability (as AIDS has been) and consider this condition for Medicare coverage disproportionately impacts jurisdictions in the West, including Los Angeles County.

**COUNTY OF LOS ANGELES -- DEPARTMENT OF HEALTH SERVICES
OFFICE OF AIDS PROGRAMS AND POLICY
FUNDING SOURCES**

Federal Grants	Year 16	Year 15	Year 14	Year 13	Year 12	Year 11	Year 10
CARE Act Title I	\$ 34,895,377	\$ 36,834,089	\$ 36,644,121	\$ 39,994,550	\$ 37,962,755	\$ 35,633,266	\$ 34,683,327
Client Level Reporting	-	-	-	-	217,246	210,993	204,919
CDC Prevention	12,888,698	13,284,578	13,395,763	14,945,015	15,390,435	17,087,303	19,140,348
HIV Surveillance (2) (4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Federal Grants	\$ 47,784,075	\$ 50,118,667	\$ 50,039,884	\$ 54,939,565	\$ 53,570,436	\$ 52,931,562	\$ 54,028,594
State Grants	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03	FY 01-02	FY 00-01
CARE Act Title II (1)	\$3,549,546	\$3,393,965	\$3,283,078	\$ 2,978,589	\$ 2,833,812	\$ 2,908,503	\$ 2,964,713
HIV Counseling & Testing	1,220,500	1,220,500	1,220,500	1,220,500	1,155,500	1,187,000	1,069,000
HIV Counseling & Testing-Prenatal							\$ 50,000
AIDS Drug Assistance Program (3)	406,847	421,615	432,801	431,708	429,351	421,846	409,854
Early Intervention Program (EIP/HTPP)	453,500	453,500	453,500	449,500	449,500	449,500	449,500
People of Color Project (EIP/Bridge)	430,000	430,000	430,000	370,000	370,000	370,000	370,000
Women (EIP/Bridge)	645,000	645,000	645,000	595,000	595,000	595,000	595,000
High Risk MSM				145,000	145,000	145,000	145,000
Prevention and Education	5,894,382	5,821,434	4,074,467	3,525,200	3,204,727	3,204,727	3,560,808
Corrections Program (CDP)	87,711	87,711	219,257	610,000	722,000	500,000	500,000
Perinatal Program			60,000	120,000	120,000	120,000	120,000
PHIP					25,000		n/a
Peer-Based IDU HIV Prev Prog	100,000	192,000	100,000				n/a
ELI					51,862		n/a
Hepatitis C	30,201	30,201	30,201		125,388	19,612	n/a
Surveillance (4)							n/a
Sub-total	\$ 12,817,687	\$ 12,695,926	\$ 10,948,804	\$ 10,445,497	\$ 10,227,140	\$ 9,921,188	\$ 10,233,875
SB-90				320,000	320,000	320,000	320,000
CSAT/CSAP	3,249,000	3,249,000	3,249,000	3,601,000	3,601,000	3,597,444	3,497,444
Total State Funding	\$ 16,066,687	\$ 15,944,926	\$ 14,197,804	\$ 14,366,497	\$ 14,148,140	\$ 13,838,632	\$ 14,051,319
County Funding	\$ 15,901,000	\$ 15,901,000	\$ 15,901,000	\$ 16,976,000	\$ 15,901,000	\$ 15,901,000	\$ 15,900,744
Total	\$ 79,751,762	\$ 81,964,593	\$ 80,138,688	\$ 86,282,062	\$ 83,619,576	\$ 82,671,194	\$ 83,980,657

NOTES:

- (1) Prior to Year 08, the grant was administered by the state of California.
- (2) Year 05 was a two year award covering 1/1/95 through 12/31/96.
- (3) ADAP through Los Angeles County ended 11/97. ADAP administration funding began in FY 1999-00.
- (4) Effective 7/1/00 HIV Epidemiology grants transferred to PH. CDC 2000 award is \$3,126,226 and FY 00-01 State award is \$1,014,615.

**COUNTY OF LOS ANGELES -- DEPARTMENT OF HEALTH SERVICES
OFFICE OF AIDS PROGRAMS AND POLICY
FUNDING SOURCES**

Federal Grants	Year 09	Year 08	Year 07	Year 06	Year 05
CARE Act Title I	\$ 33,540,737	\$ 30,637,106	\$ 30,227,298	\$ 26,313,561	\$ 21,037,581
Client Level Reporting	143,799	137,048	138,014	n/a	n/a
CDC Prevention	16,196,818	13,313,470	11,061,425	10,285,947	11,598,498
HIV Surveillance (2) (4)	5,018,958	4,786,966	3,934,130	n/a	8,797,505
Total Federal Grants	\$ 54,900,312	\$ 48,874,590	\$ 45,360,867	\$ 36,599,508	\$ 41,433,584
State Grants	FY 1999-00	FY 1998-99	FY 1997-98	FY 1996-97	FY 1995-96
CARE Act Title II (1)	\$ 2,593,885	\$ 2,391,163	n/a	n/a	n/a
HIV Counseling & Testing	1,069,000	925,107	925,107	925,107	737,100
HIV Counseling & Testing-Prenatal	n/a	n/a	n/a	n/a	n/a
AIDS Drug Assistance Program (3)	390,928	n/a	12,049,935	26,227,624	10,912,666
Early Intervention Program (EIP/HTPP)	373,500	235,000	236,595	236,595	236,595
People of Color Project (EIP/Bridge)	n/a	n/a	n/a	n/a	n/a
Women (EIP/Bridge)	525,000	475,000	475,000	300,000	300,000
High Risk MSM	48,333	n/a	n/a	n/a	n/a
Prevention and Education	3,929,478	3,186,700	3,186,700	3,186,700	n/a
Corrections Program (CDP)	n/a	n/a	n/a	n/a	n/a
Perinatal Program	n/a	n/a	n/a	n/a	n/a
PHIP	n/a	n/a	n/a	n/a	n/a
Peer-Based IDU HIV Prev Prog	n/a	n/a	n/a	n/a	n/a
ELI	n/a	n/a	n/a	n/a	n/a
Hepatitis C	n/a	n/a	n/a	n/a	n/a
Surveillance (4)	578,515	753,641	753,641	939,578	1,021,100
Sub-total	\$ 9,508,639	\$ 7,966,611	\$ 17,626,978	\$ 31,815,604	\$ 13,207,461
SB-90	314,723	240,404	240,404	93,573	82,241
CSAT/CSAP	3,497,444	2,762,038	2,636,907	2,568,580	2,498,289
Total State Funding	\$ 13,320,806	\$ 10,969,053	\$ 20,504,289	\$ 34,477,757	\$ 15,787,991
County Funding	\$ 17,210,000	\$ 15,901,000	\$ 15,901,000	\$ 15,863,206	\$ 15,900,541
Total	\$ 85,431,118	\$ 75,744,643	\$ 81,766,156	\$ 86,940,471	\$ 73,122,116